

Legislative Council Panel on Manpower

Implementation of the Mandatory Provident Fund System Progress Report – December 2016

Purpose

This paper is a monthly update on the implementation of the Mandatory Provident Fund (MPF) System.

Enrolment

2. The estimated enrolment statistics are as follows:

	Enrolment*			Enrolment Rate		
	As at 31.12.2016	As at 30.11.2016	Change**	As at 31.12.2016	As at 30.11.2016	Change**
Employers	277 200	276 900	200	100%	100%	-
Employees	2 583 800	2 580 400	3 400	100%	100%	-
Self-Employed Persons (SEPs)	202 200	202 500	-200	68%	68%	-

* rounded to the nearest 100

** Each figure presented in the “Change” column is derived by rounding the difference between the unrounded enrolment/enrolment rate figures of the two months. It is therefore not the simple difference between the two corresponding monthly figures presented in the table.

3. As at end December 2016, 22 100 employers, 552 400 employees and 15 600 SEPs were registered under the Industry Schemes.

Complaint Handling

Complaints received by the Mandatory Provident Fund Schemes Authority (MPFA) on system operation

4. In December 2016, 297 complaints were received by MPFA, of which 266 complaints were made against 212 employers. A breakdown of these complaints by allegation is as follows:

	<u>Number of complaints</u>
(a) Complaints concerning scheme members	266
<i>Breakdown by complaint allegation[^]</i>	
<i>(Involuntary change from “employee” status to “SEP” status)</i>	<i>(4)</i>
<i>(Non-enrolment in MPF Schemes)</i>	<i>(96)</i>
<i>(Default contribution)</i>	<i>(248)</i>
<i>(Others (e.g. no pay records))</i>	<i>(35)</i>
(b) Complaints concerning trustees, intermediaries, occupational retirement schemes, etc	31

[^] Since a complaint may cover more than one allegation, the total number of allegations may exceed the number of complaints.

Complaints received by the Labour Department (LD)

5. In December 2016, the LD received 11 MPF-related complaints, all of which were related to alleged wrongful deduction of wages and default contribution.

6. Of the 172 complaints received from 1 January 2016 to 31 December 2016:

- (a) 68 cases were resolved after conciliation or advice given;
- (b) 69 cases were referred to the Labour Tribunal/Minor Employment Claims Adjudication Board for adjudication;
- (c) 7 cases where the employer was insolvent were referred to the Legal Aid Department and the Protection of Wages on Insolvency Fund; and
- (d) 28 cases where the employees had lodged claims with the LD were awaiting conciliation result.

Enforcement

7. The MPFA continued to enforce the Mandatory Provident Fund Schemes Ordinance (MPFSO) by investigating complaints, inspecting employment premises, making claims at law courts on behalf of employees to recover outstanding default contributions, and prosecuting non-compliant employers.

8. Enforcement actions taken by MPFA in December 2016 are summarized below:

(a) Prosecution

Number of summonses applied	36
<i>(Non-enrolment of employees)</i>	<i>(2)</i>
<i>(Default contribution)</i>	<i>(27)</i>
<i>(False statement)</i>	<i>(6)</i>
<i>(Failure to comply with court order)</i>	<i>(1)</i>

(b) Contribution Surcharge

- Number of employers with notices issued	22 600
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(c) Submission to the Small Claims Tribunal

- Number of cases submitted	50
- Number of employees involved	150

(d) Submission to the District Court

- Number of cases submitted	0
- Number of employees involved	0

(e) Submission to the High Court

- Number of cases submitted	0
- Number of employees involved	0

(f) Submission to Liquidators / Receivers

- Number of cases submitted	25
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(g) Proactive Inspections

- Number of employment establishments visited	153
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Education and Publicity

9. A media briefing was held by the MPFA on 12 December to explain the impact of the launch of the Default Investment Strategy (DIS) on scheme members and the preparations by the MPFA and trustees for launching the DIS on 1 April 2017.

10. The pre-commencement version of the TV and radio announcements in the public interest on DIS was also launched on 12 December. In addition, a flyer highlighting the key features of the DIS is being sent to all MPF account holders through trustees and distributed at the briefings on DIS through working partners including employers and human resources associations as well as labour unions.

11. A series of briefings and meetings were held in the month for Legislative Council Members and their assistants, and District Council Members to update them on the latest developments of the MPF System. The DIS was one of the major topics covered in the briefings and meetings.

12. The MPFA held an outreach activity on 28 December to disseminate MPF messages to construction workers and to encourage them to actively manage their MPF. Meanwhile, two seminar-cum-dinners, aimed at encouraging participants to open Industry Scheme accounts in advance and to take good care of them, were conducted for workers in the catering and the construction industries on 14 and 29 December respectively. The MPFA also took the opportunities to introduce the DIS to the participants.

13. The latest issue of the MPFA Newsletter was published in December with the cover story on the International Organisation of Pension Supervisors (IOPS) Meetings and the Organisation for Economic Co-operation and Development (OECD) / IOPS Global Forum on Private Pensions co-hosted with the MPFA which was held in Hong Kong for the first time. This issue also carried a story about the preparation work for the launch of the DIS, and an MPFA report on the Fund Expense Ratio of MPF funds.

14. In the month, 12 talks and briefings were given to MPF industry stakeholders, employees, Industry Schemes members and overseas visitors etc. on the MPF System and MPF investment, as well as the DIS. A retirement planning workshop was organized for a company to have direct engagement with “keen-to-know” scheme members, providing them with practical tips for retirement planning and MPF investment as well as ascertaining their information needs. A full array of educational activities and school-based programmes were also organized to educate various levels of students and the parents of younger students so as to enhance these prospective scheme members’ understanding of the MPF System and MPF investment as well as the concept of retirement investment, with a view to facilitating their compliance with the MPFSO in the long run.

15. Members are invited to note the contents of this paper.